

NIO/W
24 February 1987

WESTERN EUROPE

BERLIN/USSR/EAST GERMANY: New Berlin Ploy

The presence of East German troops in East Berlin may be part of an East German/Soviet initiative to undermine the Allies' rights and claims regarding the four-power status of Berlin.

GREECE/TURKEY: Confrontation

The risk of unintended escalation to violence by either side continues--as recently evidenced by a brief border clash in December that left three dead. Greek intransigence on Aegean issues continues. Each side apparently believes the US can prevent war--an attitude that may encourage recklessness and lack of restraint that could trigger confrontation through miscalculation and escalation. Additional strains will be generated if the Greek Cypriot government succeeds in purchasing as many as 50 M-48 tanks from Israel.

MALTA/LIBYA: Libyan Efforts to Buy the Election

Political tensions will rise sharply as the country faces a close and bitterly fought election contest which must be held by May between the pro-West Nationalist Party and the ruling pro-Libyan Labor Party. Qadhafi already has contributed \$150,000 to Labor's campaign coffers this year, and may have given as much as \$7 million in 1985. In a clean election, the pro-Western party looks likely to win, but Labor's control of the electoral machinery [redacted] indicates it will narrowly win the election.

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NEAR EAST/SOUTH ASIA

AFGHANISTAN/PAKISTAN/USSR: Soviet Pressure Mounts

Last year's unprecedented number of Soviet/Afghan bombing and airspace violations of Pakistan appears to be continuing, if not growing, this year with 155 airspace violations--as deep as 25nm--in January. The increased Soviet pressures have occurred while Pakistan's attention has been focused on the huge Indian buildup on their own border. Violations of Pakistani territory are likely to increase. Combined Soviet/Afghan combat operations along the Pakistan border will allow Moscow to maintain pressure on Islamabad as the proximity talks continue. Soviet exploitation of tribal restiveness in Pakistan and a stepped-up subversion campaign continue to be growing problems for Islamabad.

EGYPT: Prospects for Instability

In the face of acute economic deterioration and increasing activity by religious activists, President Mubarak will be hard pressed to maintain control. A sweeping restructuring of the economy is needed, but implementation would be certain to provoke extensive protests and labor strife that will threaten Mubarak's tenure in office. Mubarak is seeking closer relations with the Gulf Arab states both to improve Egypt's access to financial assistance and to enhance his political situation at home.

INDIA/CHINA: Border Dispute

The renewed border dispute could lead to limited military clashes. Chinese border troops in Tibet have recently assumed a higher level of combat readiness. Beijing has been unusually tough in demanding that India withdraw its forces and dismantle military posts in Chinese territory. Recent special intelligence indicates that local Chinese forces in the area have discussed the possibility of hostilities by the end of March. India's recent inclusion of the disputed area into a new state will likely exacerbate the situation. Even so, Gandhi will seek to avert escalation of the dispute, but missteps or overreaction by local commanders could precipitate an exchange of fire.

INDIA/PAKISTAN: Can War Be Avoided?

The risk of war remains high. Provocative actions on the Indian side continue--for example, the Indians appear not to have yet removed the division they had agreed to in the 4 February agreement. About one-third of the deployments from central and eastern India have been to areas near Pakistan not related to the BRASS TACKS exercise area. Furthermore, the final phase of the BRASS TACKS exercise, planned to have started on 15 February, has been postponed until early March. With the most sensitive and dynamic phase of the exercise still to come, the risk of miscalculation by either side could result in the outbreak of widespread hostilities with little additional warning.

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INDIA/PAKISTAN/USSR: Nuclear Weapons and Leverage

The evident threat from the massive Indian buildup of troops, Moscow's warnings to Islamabad on nuclear weapons, and Pakistan's vital role supporting the Afghan resistance afford Pakistan a stronger rationale for the US to overlook its unabated nuclear weapons development and deployment program. Moscow also has been heightening India's fears of Islamabad's intentions. Indeed, Pakistan may achieve at least a clandestine weapons capability this year. NIO/Warning notes that we should be prepared for the eventuality of a weapons test in the subcontinent within a year because India, like Pakistan, has the technical capability to manufacture and detonate nuclear devices within a short time of a decision to do so.

IRAN/IRAQ: Internal Developments

Political stakes in the war are high. The potential for sudden collapse of either government is out of proportion to actual or likely military results. Rising casualties, bickering within the military, and a likely new Iranian advance will provoke even more civilian discontent and military opposition to Husayn. Within the Iranian regime, differences over conduct of the war have sparked unresolved infighting, and recent Iranian gains most likely have strengthened the hand of those who favor a more aggressive prosecution of the war. Khomeini already appears to have lost control of the power struggle among his would-be successors and his death could trigger chaos.

GULF ARAB STATES: Spillover of the War

In the wake of concerted Iranian attacks on Kuwaiti shipping, Kuwait is operating tankers in the Gulf of Oman and is hiding the identity of its tankers by substituting the names of foreign flags. Iran, in consequence, has resumed attacks against any shipping target of opportunity, and as a result of the Kuwaiti operation, and may extend strikes into the Gulf of Oman as well. Efforts to intimidate Kuwait are likely to increase as the war drags on. The use of Soviet warships to escort Soviet arms carriers and Soviet leased tankers to Kuwait may lead to a more nearly continuous presence of Soviet warships in the Gulf and increases the possibility of confrontation.

ISRAEL/SYRIA: War?

The prospect for broad Israeli military action continues because Damascus' quest for dominance in Lebanon and its expanded coverage of Israeli airspace is on a major collision course with Tel Aviv's interests. From Syria's side, the absence of a major Israeli reaction to Assad's moves may encourage the usually cautious President to believe he can manage step-by-step confrontation with Israel in a way that will leave him in control of the escalation. In this event, we believe he is more likely to miscalculate than to control an escalation.

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KURDS/TURKEY/IRAQ/IRAN: Kurdish Tinder, Iranian Match

[redacted] suggests Iran's manipulation of the Kurds in Iraq in active support of Kurdish attacks on the oil economy of northern Iraq have involved Turkey in the region. Turkish forces in the areas bordering Iraq are in the process of being heavily reinforced amidst rumors in Ankara of awakened Turkish Kirkuk irredentist interests in the area. Although without evident foundation, these rumors have apparently influenced Baghdad and may complicate Turkish and Iraqi efforts to control the Kurds in their mutual border areas. It seems clear Turkish warnings to Iran concerning Tehran's meddling in the Kurdish problem are serious and have the potential for worsening Turkish-Iranian relations.

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SYRIA: Internal Struggle

Assad is facing new opposition from senior military officers and is responding by replacing some while granting more power to family members. These changes reflect Assad's view that he is under special pressures. As the already bad economic situation deteriorates further--in tandem with Assad's health which could soon leave him incapacitated--the chances of a sudden change of government grow.

TUNISIA: Rapidly Increasing Instability

Bourgiba's attempts at rapprochement with Libya are not likely to deter Qadhafi from attempting to influence events in Tunisia. Tensions from Tunisia's ever-deteriorating economic situation will fuel discontent and could destabilize the country during the succession crisis when it comes. The post-Bourguiba period almost certainly will offer new opportunities for Libyan-sponsored subversion. Even Algeria may be casting covetous eyes on a post-Bourguiba Tunisia.

EAST ASIA

PHILIPPINES: Business As Usual?

The strong popular approval of the new constitution in the 2 February plebiscite is easing political confrontations temporarily, but the Communist insurgents appears ready to mount military and terrorist assaults in urban areas. Deep divisions in the Philippine armed forces may be encouraging the Communists to take the offensive. Political polarization will deepen in the next few months, placing both President Aquino and General Ramos in a tight spot between irreconcilable forces on left and right. This situation would not only harden the government's paralysis but could create an even more volatile environment for provocations and power plays by both ends of the spectrum. Further attempts to discredit Aquino and coup plotting, will mount as National Assembly elections, scheduled for May, approach.

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SOUTH KOREA: Flames Beneath the Smoke?

The ease with which riot police dispersed protest demonstrations earlier this month will strengthen Chun's confidence in his ability to push through the National Assembly his divisive plan to establish a parliamentary government to keep him in power. This will increase the likelihood of political confrontation this spring and may provoke military intervention. Should key military leaders view Chun as losing control they might choose to overthrow him, but we probably would receive little additional warning. P'yongyang may misintrepret developments in South Korea as loss of control spurring it to escalate activities against the South.

LATIN AMERICA

CHILE: Intransigence

Pinochet is threatening a harsh crackdown on military and civilian opponents. In the wake of new revelations in the Letelier case and the US veto of World Bank funding, Pinochet may precipitate a new crisis of confidence about his leadership within the armed forces and fuel momentum for decisive change before 1989. Non-Army junta members' determination that Pinochet will not stay in office beyond 1989 is growing.

GUATEMALA: Tenuous Tenure

Military discontent with President Cerezo is high, and coup talk continues. Growing civil unrest--spurred by rising prices and lack of a land reform program--is providing the severest test yet of the military's willingness to stand by the civilian regime.

HAITI: Storm Warning

One year after the departure of Duvalier, Haiti is experiencing more intense antigovernment protests and violence that could lead to the disintegration of the Namphy government in the next few months. March's referendum on the constitution will not alleviate this deteriorating situation. Additionally, unemployment over 50 percent and incipient, but mounting, anti-Americanism may encourage discontent that extreme right may exploit to push for a military coup. Moderate elements--particularly the Church and business community--have little confidence in the government's ultimate ability to control the security situation. Opportunities for foreign exploitation will increase.

JAMAICA: Hard Times May Aid Manley

Political tensions are likely to remain high, and economic woes are deepening. Manley's chances of winning national elections--which President Seaga has called for August 1987--remain high.

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MEXICO: Political Crisis

Rapid inflation, mounting debt repayment problems, flight of capital, depressed oil prices, electoral fraud, and austerity measures will continue to generate widespread popular and business dissatisfaction and prompt sporadic civil disturbances, especially in the northern states.

NICARAGUA/HONDURAS: Continuation of Hostilities

The Sandinistas remain militarily strong and appear ready to launch a major dry season counterinsurgency operation. Nicaragua continues to maintain some presence inside Honduran border regions, thereby keeping pressure on the Honduran government to restrict rebel activities. [redacted] as Managua steps up propaganda efforts aimed at embarrassing Tegucigalpa. NIO/Warning notes that the potential for Sandinista forces to fire on US military personnel in Honduras continues.

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SURINAME: Vulnerable to Collapse and External Influence

Military stalemate between the 200-person rebel force and government forces continues, but more effective rebel attacks against economic targets are straining the government. Recent resignations of the Prime Minister and Foreign Minister have resulted in a growing polarization between the moderate civilian politicians and hardline military elements that has further eroded support for the Bourterse government. Demonstrations over consumer shortages are increasing the pressure. A governmental collapse may be imminent.

SUB-SAHARAN AFRICA

ANGOLA: Prospects for Clash with South Africa Grow

The risk of direct South African-Soviet/Cuban clashes remains as the Angolan government is contesting ground in UNITA-controlled territory.

LIBYA/CHAD: Qadhafi on the Firing Line

Qadhafi's substantial defense of his besetted position in Chad suggests Qadhafi believes his own power base within Libya is vulnerable.

NIGER/LIBYA: Libyan Activities

Libya seeks to take advantage of Niger's inability to control its northern border area to assert a questionable territorial claim over the longer term, and ultimately Qadhafi would like to topple President Kountche. Kountche's recent health problems have highlighted the problem of succession. Increased Libyan meddling and subversion--probably using Libyan-trained Nigerien surrogates--can be expected as Qadhafi escalates activities in Africa, and as uncertainty over the succession takes hold.

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SOUTH AFRICA/FRONTLINE STATES: Confrontation

As May's parliamentary elections approach, the South African government's belligerent actions, unprecedented media restraints and massive extraconstitutional effort to suppress dissent--apparently including an assassination program targeted at internal opposition groups--will intensify. As the government continues on a collision course with most of the Churches, labor, students, and blacks domestic polarization will be exacerbated, and the influence of moderate blacks and whites who seek compromise weakened. Externally, new South African cross-border raids are likely, and further actions by Pretoria in Angola, Mozambique, and other Frontline states will spawn an ever more intractable situation. Pretoria's increasingly coercive measures against neighboring states are affording new opportunities for Soviet exploitation, especially in Zimbabwe.

SUDAN/LIBYA/ETHIOPIA: Precarious Tenure

The Sadiq government remains in danger of collapse. New coup plotting to topple Sadiq is certain. Additional Ethiopian air incursions into Sudan and continued support to Sudanese insurgents coupled with reductions in US aid may lead to increased Libyan influence over the Sadiq government. Sadiq's recent unilateral decision to abrogate the agreement providing for prepositioning of US military equipment at Port Sudan--and his refusal to provide overflight clearances to US aircraft ferrying supplies to Chad--have increased dissension within his government and military.

SOVIET UNION/EASTERN EUROPE

EASTERN EUROPE: Under Pressure

Through much of Eastern Europe dissent--and its causes--is increasing. To varying degrees the present governments are under new pressures:

- Growing political and economic problems are making it increasingly difficult for Secretary Kadar to maintain effective Party leadership in Hungary. He could resign any time this year for "health reasons" in an attempt to facilitate governmental and economic reform. Widespread discontent among the populace will certainly mount if reforms are not initiated and if living standards continue to decline.
- Polish blue collar workers, farmers and retirees will soon join the ranks of the students and others opposed to the government should price increases and wage freezes plus a possible currency devaluation go into effect. This combination of issues and political forces produced the Solidarity movement in the early 1980's. At a minimum the political temperature of the nation is likely to rise and may be reflected in mounting civil disorder in major cities.

- Pressures seem greatest in Romania where the continuing debt and liquidity crises have caused economic prospects and the quality of life to become more dismal as fuel, commodities, electricity, medical care and basic foodstuffs become extremely scarce. Industrial production for 1987 is not likely to improve, even with the introduction of a seven-day work week. Incidents of worker and military unrest are likely to continue. More importantly, as conditions worsen the Soviets will be in a position to exert even more pressure than before.
- In Yugoslavia, if Belgrade implements its plan for stringent austerity measures this year to combat raging inflation--now over 90 percent a year--a serious political upheaval could erupt that would threaten the federal Executive Council's authority and trigger open defiance from republic authorities. A successful renegotiation of Yugoslavia's \$19 billion debt with the IMF and Western bankers will help Belgrade to muddle through this difficult year, but will not reduce the debilitating political and ethnic rivalries that have gradually undermined the political order since Tito's death six years ago.

USSR: Massive Need for Hard Currency

The Soviets face substantial reductions in hard currency earnings from oil this year at a time of increasing need for imports for modernization. Their problem is exacerbated by the consequences of the Chernobyl nuclear accident, which evidently moved them to shut-down a number of nuclear power reactors for at least a year. Moscow increasingly will rely on Western credit markets; squeeze oil supplied to Eastern Europe to try to barter it on the international market; sell more gold; and try to promote new exports--arms, vehicles, metals, and shipping services--at bargain prices to gain needed hard currency.

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